

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  UTILICORP UNITED, INC.	DOCKET NO. P-845
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**ORDER ESTABLISHING PROCEDURAL SCHEDULE AND PROPOSING TO TAKE  
OFFICIAL NOTICE AND NOTICE OF HEARING**

(Issued March 25, 2002)

On November 26, 2001, UtiliCorp United, Inc. (UtiliCorp), filed a petition and exhibits for a permit to construct, operate, and maintain a natural gas pipeline approximately 1.8 miles long in Greene and Guthrie Counties, Iowa. The proposed 6-inch diameter steel pipeline will transport natural gas from an existing Northern Natural Gas Company pipeline in Greene County, Iowa, to a Tall Corn ethanol plant in Guthrie County, Iowa.

On March 25, 2002, the Utilities Board (Board) assigned this proceeding to a presiding officer and directed that a procedural schedule be established and a date set for hearing.

**The Board's Authority and Jurisdiction**

The Board has authority to grant permits for pipelines in whole or in part upon terms, conditions, and restrictions as to safety requirements, and as to location and route, as it determines to be just and proper. Iowa Code §§ 479.12 and 479.18 (2001).

To obtain a permit, the petitioner must show that the services it proposes to render will promote the public convenience and necessity. Iowa Code § 479.12 (2001). The petitioner must also satisfy the financial requirements of Iowa Code § 479.26 (2001).

The petitioner must also comply with the land restoration plan requirements of Iowa Code § 479.29 (2001) and Board rules at 199 IAC chapter 9.

### **The Issues**

Pursuant to Iowa Code §§ 479.7 and 479.8 (2001) and 199 IAC 10.6, this matter will be set for a public hearing for the presentation of oral and documentary evidence and the cross-examination of witnesses concerning the public convenience and necessity issue, any safety issues, any pipeline location and route issues, the financial issues, land restoration plan issues, and issues raised by objectors or any other party. The conduct of this case will be governed by Iowa Code Chapters 17A and 479 (2001), and by Board rules at 199 IAC chapters 9 and 10.

### **Prepared Testimony and Exhibits**

All parties will be given the opportunity to present and respond to evidence and argument on all issues, and to be represented by counsel at their own expense. Iowa Code § 17A.12(4) (2001). The proposed decision and order that the administrative law judge will issue in this case must be based on evidence contained in the record and on matters officially noticed in the record. Iowa Code § 17A.12(8) (2001). Unless contrary arrangements are made on the record at the hearing, all

evidence will be received at the hearing, and the record will be closed to any further evidence at the conclusion of the hearing.

The submission of prepared evidence prior to hearing will help to identify disputed issues of fact to be addressed at the hearing. Prepared testimony contains all statements that a witness intends to give under oath at the hearing, set forth in question and answer form. When a witness who has submitted prepared testimony takes the stand, the witness does not ordinarily repeat the written testimony or give a substantial amount of new testimony. Instead, the witness is cross-examined by the other parties concerning the statements already made in writing. The use of prepared testimony prevents surprise at the hearing and helps each party to prepare adequately for the hearing, so that a full and true disclosure of the facts can be obtained. Iowa Code §§ 17A.14(1), 17A.14(3) and 479.11 (2001). This procedure also tends to diminish the length of the hearing, and spares the parties the expense and inconvenience of additional hearings.

UtiliCorp must submit prepared testimony and exhibits prior to the hearing. At a minimum, UtiliCorp's prepared testimony must address the issues listed above. Prior to or with its prepared testimony, UtiliCorp must file amendments to its petition as discussed in the letter dated March 13, 2002 from Mr. Stursma to Mr. Law.

UtiliCorp must also file additional financial information with its prepared testimony. UtiliCorp filed a bond to satisfy the Iowa Code § 476.26 requirements, which is one of the allowable options. However, the bond as filed does not meet the requirements of the statute. The required bond must be "conditioned that the

applicant will pay any and all damages legally recovered against it growing out of the construction or operation of its pipeline and gas storage facilities in the state of Iowa." Iowa Code § 476.26 (2001). However, the bond filed by UtiliCorp states: "Therefore, the condition of this obligation is such, that if the Principal shall indemnify the Obligee against all loss to it caused by said Principal's breach of any ordinance, rule or regulation relating to such License and/or Permit then the above obligation shall be void, otherwise to be and remain in full force and effect." UtiliCorp is the Principal and the "State of Iowa, Utilities Board of the Department of Commerce" is the Obligee. This condition is far more narrowly drawn than is required by the statute. The bond is not solely for the benefit of the Board, but for anyone who has "damages legally recovered" against UtiliCorp growing out of its construction or operation of the pipeline. Therefore, if UtiliCorp chooses to use the bond option, it must refile one containing the condition as specified in the statute.

Furthermore, the bond states that liability may be terminated by either 30 days written notice by the bonding company to the Board or upon written cancellation from the bonding company addressed to the Board. Section 476.26 requires that the applicant must file **and maintain** the bond. UtiliCorp must present evidence that shows it will maintain a bond that meets the requirements of the statute so long as it operates and maintains the pipeline, or until it provides other financial proof as outlined in section 476.26 acceptable to the Board. This evidence may be by affidavit of a corporate officer of UtiliCorp filed with the Board.

The Consumer Advocate Division of the Department of Justice (Consumer Advocate), and any objectors may also file prepared testimony and exhibits before the hearing in accordance with the procedural schedule.

Parties who choose not to file prepared testimony and exhibits before the hearing will not be precluded from participating in the proceedings. If an objector, for example, does not intend to present evidence going substantially beyond the information contained in the letter of objection, it is unnecessary for the objector to file prepared testimony. However, when a party has a substantial amount of information to present to the Board about the petition, if the information has not been previously disclosed to the Board, it should be presented in the form of prepared testimony and exhibits according to the procedural schedule established below.

### **Party Status**

UtiliCorp and the Consumer Advocate are currently the only parties to this proceeding. Iowa Code §§ 17A.2(8) and 475A.2 (2001). No one has filed an objection to the petition as of the date of this order.

Anyone who has filed or will file an objection pursuant to Iowa Code §§ 479.9 and 479.10 (2001) and 199 IAC 10.5 will also be presumed to be a party to this case. However, no objector is entitled to party status merely because that person has written a letter. In order to qualify as a party, the objector must be able to demonstrate some right or interest that may be affected by the granting of the permit. Iowa Code § 479.9 (2001). An objector's status as a party may be challenged at the hearing, and an objector who cannot demonstrate a right or interest that may be

affected by the granting of the permit will no longer be considered a party.

Therefore, at a minimum, objectors should be prepared to give evidence that will explain the nature of their specific rights or interests they believe should be protected and will show how these rights or interests will be affected by the pipeline. As has already been noted, to the extent that the evidence goes substantially beyond information already communicated to the Board in an objection letter, it should be reduced to writing and filed as prepared testimony according to the procedural schedule established below.

Because objectors will be presumed to be parties up to the time of the hearing, an objector will receive copies of all documents that are filed in this docket after the letter of objection has been filed with the Board. This means that if a person files an objection after some or all of the prepared testimony and exhibits have already been filed with the Board by other parties, the objector should make direct contact with the parties who have already filed prepared testimony and exhibits in order to obtain a copy of those materials. The official file of this case will be available for inspection at the Utilities Board Records Center, 350 Maple Street, Des Moines, Iowa. 199 IAC 1.9(1).

Objections must be filed not less than five days prior to the date of hearing. Late filed objections may be permitted if good cause is shown. 199 IAC 10.5. Objections must be made in writing and filed with the Executive Secretary of the Utilities Board, 350 Maple Street, Des Moines, Iowa 50319-0069.

After an objector has filed a letter of objection, all further communications from the objector to the Board having to do with this case (including motions or prepared testimony and exhibits) must be sent to the Executive Secretary. A party (including objectors) must file an original and two copies of each communication with the Executive Secretary, and the party must send one copy to each of the other parties to this case. 199 IAC 1.8. Along with the communication being sent, the party must file with the Board a certificate of service that conforms to 199 IAC 2.2(16), which verifies a copy of the document was served upon the other parties. These procedures are necessary to comply with Iowa Code § 17A.17 (2001), which provides in part:

Unless required for the disposition of ex parte matters specifically authorized by statute, parties or their representatives in a contested case and persons with a direct or indirect interest in such a case *shall not communicate, directly or indirectly, in connection with any issue of fact or law in that contested case, with a presiding officer in that contested case, except upon notice and opportunity for all parties to participate* as shall be provided for by agency rules.

Iowa Code §§ 17A.17(2) (2001)(emphasis added). Objectors and parties should examine 199 IAC Ch. 10 and 199 IAC 1.8 for other substantive and procedural rules that apply to this case.

### **Proposal to Take Official Notice**

Mr. Reed Helm, utility regulatory inspector for the Safety & Engineering Section, has prepared a memo dated January 7, 2002, concerning UtiliCorp's petition pursuant to Iowa Code § 479.11 (2001). A copy of the memo is attached to

this order. Pursuant to Iowa Code § 17A.14(4) (2001), the administrative law judge proposes to take official notice of the memo and of the facts contained therein, thus making them a part of the record of this case. Iowa Code § 17A.12(6)(c) (2001).

Any party objecting to the taking of official notice of the memo must file such objection as soon as possible, and no later than five days prior to the hearing. The parties will have the opportunity to contest any information contained in the memo in prefiled testimony and at the hearing.

**IT IS THEREFORE ORDERED:**

1. Each person who files a letter of objection to UtiliCorp's petition in this docket will be presumed to be a party in the proceeding unless it is established at hearing that the objector has no right or interest that may be affected by the pipeline.

2. Objections must be made in writing and filed with the Executive Secretary of the Utilities Board, 350 Maple Street, Des Moines, Iowa 50319-0069, no later than five days before the hearing. Objectors must file an original and two copies of all subsequent communications to the Board with the Executive Secretary. The communications must be accompanied by a certificate of service.

3. The following procedural schedule is established:

a. On or before April 15, 2002, UtiliCorp must file prepared direct testimony relating to its petition for a permit to construct, operate, and maintain a natural gas pipeline, and must file the amendments to its petition as discussed above.



b. On or before May 6, 2002, the Consumer Advocate and any objector may file prepared responsive testimony.

c. A public hearing for the presentation of evidence and the cross-examination of witnesses concerning the issues identified in this notice of hearing will be held at 10 a.m. on Thursday, May 16, 2002, in the Board Hearing Room, 350 Maple Street, Des Moines, Iowa. Persons with disabilities who will require assistive services or devices to observe this hearing or participate in it should contact the Utilities Board at (515) 281-5256 in advance of the scheduled date to request that appropriate arrangements be made.

d. Required number of copies. All parties must file an original and two copies of all documents filed with the Board. 199 IAC 1.8(4)"d."

4. The administrative law judge proposes to take official notice of Mr. Helm's memo dated January 7, 2002 and attached to this order, and of the facts contained therein. Any party objecting to the taking of official notice of the memo should file such objection as soon as possible, and must file such objection no later than five days prior to the hearing. Any party desiring to cross-examine Mr. Helm concerning the statements contained therein must file a notice of intent to cross-examine no later than five days prior to the hearing.

5. Pursuant to Iowa Code §§ 17A.12(1) (2001) and 199 IAC 10.4, a copy of this order will be served by ordinary mail upon UtiliCorp and the Consumer Advocate. No persons have filed objections to the petition as of the date of this order.

**UTILITIES BOARD**

/s/ Amy L. Christensen  
Amy L. Christensen  
Administrative Law Judge

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

Dated at Des Moines, Iowa, this 25<sup>th</sup> day of March, 2002.

**IOWA DEPARTMENT OF COMMERCE  
UTILITIES DIVISION  
SAFETY AND ENGINEERING SECTION**

**TO: The File**

**DATE: January 7, 2002**

**FROM: Reed Helm**

**FILE: P-845**

**SUBJECT: Petition for Pipeline Permit for a Natural Gas Pipeline in  
Greene and Guthrie Counties Iowa: UtiliCorp United Inc. Tall  
Corn Ethanol Plant Pipeline.**

The proposed route of the above mentioned natural gas pipeline was inspected on January 4, 2002. The Exhibit "B" map filed with the petition was used as a guide. The proposed pipeline would consist of approximately 1.8 miles of 6.625 inch, grade X42 steel pipe with a Maximum Allowable Operating Pressure (MAOP) of 275 psig.

The pipeline will begin in the SE ¼ of the NW ¼ of Section 32, Township 82 N, Range 32 W, in Greene County on Northern Natural Gas Company (NNG) easement where NNG's existing 6 inch pipeline crosses an unnamed county road. The pipeline will commence in a southwesterly direction approximately 5750 feet through Section 32 and 31 to a fence line on the south edge of Section 31. The pipeline will continue west, approximately 3350 feet through Section 31, Township 82 N, Range 32 W, and across county road N58 (Grant Avenue). The pipeline will terminate approximately 250 feet into the NE ¼ of the NE ¼ of Sections 1, Township 81 N, Range 33 W, Guthrie County on Tall Corn Ethanol Plant property.

The pipeline will be constructed on private right-of-way in a Class 1<sup>1</sup> location and will not pass by any farmsteads. The terrain along the pipeline route is gentle rolling crop land. The pipeline route will cross Willow Creek and a tributary of Willow Creek which does not appear to pose any construction problems. The pipeline will cross one secondary gravel county road, N58. The pipeline will parallel a PVC water line and buried electric cable from the fence line on the south edge of Section 31 to county road N58. The pipeline route does not appear impractical or unreasonable and construction should not be difficult.

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<sup>1</sup> Class locations are a population density index from 49 CFR Part 192 Section 5. Class 1 indicates little if any development near the route.